CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

Situation arising due to recent hike in petrol and diesel prices -*contd.*

श्री नन्द किशोर यादव (उत्तर प्रदेश) : उपसभाध्यक्ष महोदय, आपने मुझे इस विषय पर बोलने का अवसर दिया है, इसके लिए मैं आपको धन्यवाद देता हूं। महोदय, सरकार ने पिछले दिनों डीज़ल और पैट्रोल के दामों में बढ़ोत्तरी करने का काम किया है। पैट्रोल की कीमत 2 रुपए 50 पैसे प्रति लीटर और डीज़ल 2 रुपए प्रति लीटर बढ़ाने का काम किया है। सरकार ने पैट्रोलियम उत्पाद के दामों में ऐसे समय में वृद्धि की है, जब इस देश की ग्रामीण व्यवस्था में किसानों का सबसे ज्यादा जो डीज़ल का प्रयोग होता है, वह अप्रैल से लेकर जुलाई तक होता है। इसी पर हमारी कृषि की व्यवस्था या बाद में जो डीज़ल की मांग होती है, वह इसमें पूरी होती है। सरकार ने ऐसे समय में पैट्रोलियम उत्पादों पर वृद्धि करने का फैसला किया है। सरकार द्वारा जो मूल्य वृद्धि की गई है, मैं आज उस पर पुनःविचार करने की मांग करता हूं। सरकार ने जब पैट्रोलियम उत्पाद पर मूल्य में वृद्धि की तो उसने कहा कि चाहे एचपीसीएल हो, बीपीसीएल हो, इंडियन ऑयल हो या आईबीपीएल हो या जो हमारे देश के सार्वजनिक क्षेत्र की कम्पनियां हों, वे भारी घाटे में हैं। जो उनका घाटा है, इससे उनको बचाने के लिए, मेरे लिए या सरकार के लिए यह जरूरी हो गया था कि पैट्रोलियम उत्पाद का दाम बढ़ाया जाए।

(श्री उपसभापति पीठासीन हुए)

उपसभापति महोदय, सरकार ने पिछले एक साल में पेट्रोलियम उत्पाद के मूल्यों को 25 से लेकर 30 प्रतिशत तक बढ़ाने का काम किया है। स्थिति ठीक इसके विपरीत है। ये सार्वजनिक कंपनियां जो यह रोना रो रही हैं कि हम घाटे में चल रहे हैं, इसलिए पेट्रोलियम उत्पाद का दाम बढ़ाना आवश्यक था, ये केवल देश के अंदर और देश की जनता के सामने भ्रम फैलाने का काम कर रही हैं। इन्होंने एक बार कहा कि अगर यह मूल्य वृद्धि नहीं की गई तो हमको 400 करोड़ रुपए से लेकर 700 करोड़ रुपए का घाटा होगा, दूसरी तरफ ये पेट्रोलियम कंपनियां कहती हैं कि अगर दाम नहीं बढ़ाए गए तो हमें 70 करोड़ रुपए से लेकर 72 करोड़ रुपए प्रतिदिन का घाटा होगा। इस तरह के आंकड़े देकर सरकार और ये कंपनियां आम जनता को यह बताना चाहती हैं कि वे बहुत ही नाजुक स्थिति में हैं।

उपसभापति महोदय, पेट्रोलियम उत्पाद में जब एक रुपया प्रति लीटर बढ़ोत्तरी होती है तो आर्थिक विकास की दर 0.30 प्रतिशत घटती है। करोड़ों रुपए कमाने वाली ये कंपनियां भारतीय अर्थव्यवस्था को लगातार कमज़ोर करने का काम कर रही हैं। दूसरी तरफ इनके डीलर्स पिछले लंबे अर्से से यह मांग कर रहे हैं कि आप पेट्रोलियम उत्पाद पर मूल्य बढ़ाने का काम कर रहे हैं लेकिन हमारा कमीशन जैसे का तैसा है, उसको बढ़ाने का काम किया जाए, लेकिन ये कंपनियां उस पर ध्यान नहीं दे रही हैं। इसी तरह ट्रांसपोर्ट का तमाम किराया बाकी है, जिसको ये कंपनियां नहीं दे रही हैं। केवल मूल्य वृद्धि करने के लिए फर्जी आंकड़ों के सहारे ये कंपनियां यह कह रही हैं कि हम घाटे में हैं और हमें 500 करोड़ रुपए से लेकर 700 करोड़ रुपए वास्तविक घाटा हो रहा है। ऐसा कहकर ये जनता को केवल गुमराह करने का काम कर रही हैं।

उपसभापति जी, पिछले साल 4 बार पेट्रोलियम उत्पादों के दाम बढ़े। इसका सबसे खराब पक्ष यह है कि एक महीना पहले से ही अखबारों के माध्यम से और इलेक्ट्रॉनिक मीडिया के माध्यम से यह पता चल जाता है कि पेट्रोल और डीज़ल के दाम बढ़ने वाले हैं। एक महीना पहले से ही यह प्रचार कर देने से कि पेट्रोलियम पदार्थों के दाम बढ़ने वाले हैं, देश में कालाबाज़ारी बढ़ जाती है।

उपसभापति महोदय, ये तेल कंपनियां प्रायः इस बात को कहती हैं कि पेट्रोल और डीज़ल पर हो रहे नुकसान के अलावा उनको LPG और केरोसिन पर भी नुकसान उठाना पड़ता है। अब यह सवाल उठता है कि इसकी भरपाई कैसे की जाए? हमारे देश में एक तेल पूल है, जिसे IPA कहते हैं। इसकी मदद से अंतर्राष्ट्रीय बाज़ार में जो तेल के मूल्यों में बढ़ोत्तरी होती है या उतार-चढ़ाव होता है, उसके कारण देश में तेल की कीमतों में जो मूल्य वृद्धि होती है, उसको दूर करने का प्रयास किया जाता है। इस तेल पूल में जो धनराशि थी, पिछली सरकारों ने उसे निकालकर, उससे राजस्व के घाटे को पूरा करने का काम किया।

उपसभापति महोदय, वर्ष 2020 तक भारत की ऊर्जा खपत दुगुनी हो जाएगी। भारत को आयात पर निर्भरता घटाने का प्रयास करना होगा। इसलिए हमें तेल के बारे में एक दीर्घकालीन नीति बनानी होगी और तेल शोधन की जो हमारी लागत है, उसको घटाना होगा, जो दूसरे देशों के मुकाबले में अधिक है।

श्री उपसभापति : अब समाप्त कीजिए।

श्री नन्द किशोर यादव : महोदय, अंतर्राष्ट्रीय बाज़ार के उतार-चढ़ाव का रोना रोने के बजाय, हमें एक कारगर ऊर्जा नीति बनाने के बारे में सोचना होगा। दुनिया भर में जो तेल की खपत होती है, उसमें अमरीका 25 प्रतिशत खपत करता है, चीन 8 प्रतिशत खपत करता है। अमरीका में जो तेल के स्रोत हैं, वे केवल 3 प्रतिशत हैं। इसलिए तेल के बारे में दीर्घकालीन नीति बनाने के बारे में हमें गंभीरता से सोचना होगा।

MR. DEPUTY CHAIRMAN: Mr. N.K. Premachandran. You have five minutes.

SHRI N.K. PREMACHANDRAN (Kerala): Thank you, Mr. Deputy Chairman. Regarding the price rise in petroleum and oil products, it is an accepted fact and well known to everybody that this is due to unprecedented rise of crude oil prices in the global market. In future years also, it is being apprehended, because of the US policy to have hegemony on the oil producing countries, definitely, this will increase. Sir, according to me a great mistake was committed by the then Government in 1996-97 and it has actually led to this cascading effect because this shifted from Administered Price Mechanism to Price Parity Mechanism. It was pursued very strongly by the NDA Government also. As a result, the real concern of the common people of this country, the toiling masses of this country is not being taken care of. Therefore, the new price system is definitely

affecting the common people, the ordinary people of this country. At this juncture, within the constraints in which we exist in the present scenario, I would like to seek clarification from the hon. Minister how best we can look after the interests of the common people of this country. In the present price mechanism, with the international rise in crude oil prices and in all these systems, financial or otherwise, what best can be done for the betterment of the common people and for lesser burdening of the common people of this country? That is my first clarification that I would like to seek from the hon. Minister. Regarding duty structure also I would like to submit Comrade Dipankar Mukherjee has very well established and has raised very valid points before the hon. Minister -- that in each and every State it is different. The ATF price in particular is three to four times more in some States as compared to other States. Therefore, so many disparities are existing in various States in respect of petrol, diesel and aviation fuel. How best the Government is going to restructure the Excise Duty rates and other taxes so that burden on the common man is reduced considerably? Sir, I have one more important point to make because in the second paragraph of his statement the Minister has stated -- I am repeating it -- it has to be shared by the oil producing companies, it has to be shared by the Government as well as by the consumer. Why is it not being shared by the companies which are making huge profits in our country? If the consumers, the poor people of our country have to share this burden by way of this oil price rise, definitely, the profit making companies have also to equally share the burden of this. But these private oil companies or refineries companies are not sharing any burden of this huge price. This fact has also to be taken into consideration. This Government - *aam aadmi ki* Government - is definitely for the common people and the interests of the common people have to be served. The interests of the common people have to be served not by the sharing of the burden by the Government, the public sector companies as well as the consumers. So far as duty drawback system is concerned, the private oil companies and refineries are making very huge profits and it is being said that they are earning about Rs.12,000 crores per year. My specific question is whether any mechanism can be evolved to reduce the profit of these oil companies and refineries and a corpus can be made from it to act as a buffer to meet such a situation. This is my next clarification, which I am seeking from the hon. Minister. One more clarification, after that I will conclude, Sir. As far as the Oil Industry Act, 1974 is concerned, there is a Development Fund of Rs.5400 crores which is going to the Government funds, I would like to know whether it is being

collected from the ONGC and other companies and whether it can be utilised for price stabilisation in order to meet a situation like this so that this burden can be reduced as far as common people are concerned. With this clarification, I conclude. Thank you.

श्री कृपाल परमार (हिमाचल प्रदेश) : धन्यवाद, उपसभापति महोदय। मंत्री जी ने सुबह जब यहां स्टेटमेंट रखा था, मैंने हिंदी में उसका version चाहा था, तो मंत्री जी ने लगभग डांटते हुए कहा था कि छप रहा है, आ जाएगा।

श्री उपसभापति : डांटते हुए नहीं कहा था।

श्री कृपाल परमार : अब तीन घंटे बीतने के बाद अभी तक हिंदी में मंत्री जी का स्टेटमेंट मुहैया नहीं कराया गया है। मैं इसे राजभाषा का अपमान मानता हूं और विरोधस्वरूप बड़े आदर सहित मंत्री जी से प्रश्न करने से इंकार करता हूं।

श्रीमती सुषमा स्वराज (उत्तरांचल) : मंत्री जी, बता दें कि हिंदी की प्रति आ रही है या नहीं क्योंकि यह गलत बात है। जो स्टेटमेंट यहां पर रखी जाए, हमेशा से यह कहा गया है और हम लोग केवल राष्ट्र भाषा नीति की बात नहीं करते, राजभाषा की भी बात करते हैं जिसमें कहा गया है कि यह दोनों भाषाओं में रखा जाएगा। तो इसे क्यों नहीं रखा गया या कब तक रखा जाएगा, मंत्री जी यह बता दें।

श्री मणि शंकर अय्यर : मैडम, प्रयास जारी है, कोशिश कर रहे हैं आप तक पहुँच जाए।

SHRI P. G. NARAYANAN (Tamil Nadu): This Government has hiked the price of petroleum, diesel and other petroleum products four times. I think this is the maximum number of hikes ever happened in the history of Indian Government, in a short span of one years' time. The UPA Government which includes the so-called Democratic Progressive Alliance in Tamil Nadu which includes DMK are bent on burdening the people, again and again, relentlessly with no compulsion. This is not an ordinary matter. This is a very serious issue which affects everyone, particularly, the poor and the weaker sections of the society. Sir, prices of petrol and diesel have been hiked with effect from 20.6.2005 midnight. This is the fourth time that prices have been hiked in a period of just one year. Sir, it may be recalled, the first price hike by the UPA Government was on 15.6.2004 followed by another increase on 31.7.2004 and, yet another increase on 4.11.2004. This is an Olympian achievement by the UPA Government. Sir, before UPA Government assumed office at the Centre the ruling price of petrol at Chennai was Rs. 36.79 per litre. This has now shot up to Rs. 44.26 per litre. The increase is as much as Rs. 7.47 per litre. This increase is as much as 20.30 per cent. Sir, diesel, which is actually the lifeline of the

entire economy, has seen even greater increase now. Sir, the price of diesel has been hiked from Rs. 24.23 per litre prior to the assumption of office by UPA Government to Rs. 31.51 per litre with the latest revision. Sir, this is as much as an increase of Rs. 7.28 per litre, *i.e.* an increase of Rs. 30.05 per person in just one year. Sir, we have been asked to believe tall claims that inflation is under control.

MR. DEPUTY CHAIRMAN: Mr. Narayanan, you will be exhausting your time and you will not be able to ask any clarification.

SHRI P. G. NARAYANAN: I will seek clarifications now. This is the background. This is most important.

MR. DEPUTY CHAIRMAN: This is the Calling Attention Motion. You have to seek clarifications only. In another one minute your time will be over.

SHRI P. G. NARAYANAN: I don't know why the Chair is not allowing me.

MR. DEPUTY CHAIRMAN: No, no, we are allowing only five minutes to everybody. It is not to you only. Why do you say that?

SHRI P. G. NARAYANAN: This is possibly the most rigorous burden ever imposed by any Government particularly, affecting the poor sections, artisans and farmers.

There is no social safety net provided to the poor people against the increase in the price of petroleum products. The price increase will have a cascading effect on essential commodities. The inflation will go up due to hike in the prices of diesel and petrol...*(time-bell)*

MR. DEPUTY CHAIRMAN: This is the first time-bell. You have to conclude your clarifications by the time the second time-bell rings.

SHRI P.G. NARAYANAN: Sir, 12 Ministers from Tamil Nadu again betrayed the people of Tamil Nadu. The increase in the prices of petrol and diesel have revealed the real evil face of an anti-people UPA Government. The action of this Government in repeatedly increasing the price of diesel appears to be calculative to force a revision of bus fares in the States. But the Government of Tamil Nadu has not increased its bus fares, with a view, to protect the poor people. It is a great surprise that all the parties like CPI (M) and CPI, who have spoken against such price rises in the past, have

now fallen in line by sacrificing the very principle that they claim to stand for.

Finally, the UPA Government has done nothing in the last one year, except imposing the most back-breaking burden on the people. Thank you.

SHRI FALI S. NARIMAN (Nominated): Mr. Deputy Chairman, I must congratulate the hon. Minister on the most complete statement of a most depressing situation that we are in. And, it was really very, very depressing to listen to the hon. Minister. But, he does not mince words and that is good. When it is bad, he tells us it is very, very bad. While congratulating the Minister on doing his best despite the humongous odds -- this is for the first time that I have heard the word and we all looked it up -- that his Ministry is facing, I would say that he is trying his best. For the benefit of Members, I would say that humongous means a combination of huge plus monstrous. My intervention is only to ask one question. Is it not time we seriously consider alternatives to oil and what is the prospect of any viable alternative being put to commercial use in the near future? Thank you.

SHRI C. RAMACHANDRAIAH (Andhra Pradesh): Sir, raising global crude oil prices alone are not responsible for the high price that the consumer is paying for the petroleum products in this country. The taxes are much to blame. I am very happy that the hon. Finance Minister is sitting here. He is getting more than 50 per cent through taxes and duties. I fully sympathise with the hon. Minister of Petroleum. But, at the same time, I request him to be sympathetic towards the poorer sections of the country. I heard him going on record saying, when there was a hike in petroleum products last time, that, 'he has to take care of equity holders, he has to take care of revenue aspects, he has to take care of the future investments...' -- and with less emphasis -- '...he said that he has to take care of consumers also.' He has used an excellent word 'equitable.' I have to talk to him privately about its concept. The petroleum sector has virtually become like a *Kamadhenu* to the Government. If the Government wants to have more revenue, first, it will look at the petroleum sector.

Sir, a benevolent ruling demands the taxation to be levied on the ability of the people to pay. But to what extent our people are able to absorb this increased cost, which has recently reached to four times. I don't blame the Government totally because the international prices of crude

oil are going up. And, we are importing 76 per cent of the crude oil. So, in this connection, I would like to make a few suggestions. I don't need clarifications because we are fully aware of the subject. The increased prices will always proportionately fetch more revenue to the Government. This is *ad valorem* system. In 2001-02, the Government got Rs. 28,000 crores from the excise duty, whereas, in 2004-05, it is Rs. 43,662 crores. The Government is making a huge sum from the petroleum sector. I would like to request the hon. Minister to try to reduce the margins of the oil refineries. It is true that the oil refineries, oil companies require future investments. But, at this juncture, when the crude oil prices have gone up considerably, we can declare some type of moratorium on making profits by the companies. Yesterday, I saw the balance sheet of the ONGC. They have made a profit of Rs. 15,000 crores. Yes, we require money for future investments, but because of the crisis, which is prevailing today, let the companies share the burden. My second suggestion is to reduce the refining expenditure. The percentage of the refining expenditure, as compared to the other oil refineries, is substantially high.

Sir, subject to correction, I was told that the 24 per cent of the indigenous production is being supplied to the oil companies at the same price at which we are importing the crude oil, not at the cost of production. The crude oil, which is being supplied out of indigenous production, is being charged from the oil refineries at the price we are importing the crude oil. There also we are making profits.

I am thankful to Mr. Dipankar. If this were a subject of discussion on a day in this august House, the crude oil should have gone to the Oil Industry Development Board. And, it is there since 1992 or 1993, that is, for twelve years. So, in these twelve years, more than one lakh crores of rupees have been accumulated. We don't know where is this amount? Has it gone to the development of the oil industry in this country? Or, has it gone to the open account of this country? It is not being used for the purpose for which it ought to be. So, what I am trying to say is that this amount should have been utilized so that we can offset the incremental cost of the crude that is being imported today, and to keep the prices of petroleum products at a minimum level.

Today, Sir, from an oil company to an oil pump, the difference is more than 50 per cent. Such a high taxation does not prevail anywhere in the world, except India. Even Pakistan also, subject to correction, is not levying such a high taxation. *(Time-bell)* I don't think even the United States

or other developed countries levy such a high taxation. I don't dispute that the Government requires money. But the tax-collection duty is like the duty of a honeybee. You have to extract the money without hurting. And, to what extent you are hurting, I need not say. It has become a stupendous task for a common man. If they are unable to bear the burden, it will have a very cascading effect on the overall economy of the country, on every activity of the country, on every product of the country. We are very lucky that the hon. Finance Minister is also present here. We export and under the duty drawback we have to provide some incentives. I do admit. But why don't you rationalise it to a certain extent. The Minister has used very beautiful words in his reply regarding the concept of equitability.

But I am unable to understand. Equitability applies equally to the consumers also. It is not that it applies to the main three stakeholders. In my opinion, consumer is the main stakeholder. So, keeping all this in view, the Government should come out to reduce the burden that is being passed on to the consumers. Thank you.

THE MINISTER OF PETROLEUM AND NATURAL GAS AND MINISTER OF PANCHAYATI RAJ (SHRI MANISHANKAR AIYAR): मान्यवर, मैं श्री राशिद अल्वी जी से बिल्कुल सहमत हूं कि यह कॉलिंग अटेंशन मोशन गलत मंत्री का ध्यान आकर्षित करने के लिए पेश किया गया है, क्योंकि ज्यादातर बहस, जो मैंने यहां सुनी है, का जवाब देने के लिए मैं इतना सक्षम नहीं हूं, जितना कि मेरे साथी, वित्त मंत्री, श्री चिदम्बरम होंगे, लेकिन क्योंकि औपचारिक रूप से मुझको इनकी जानिब से बहुत से सवालों का जवाब देना पड़ रहा है और वे मेरे बिल्कुल बगल में बैठे हैं, इसलिए यदि मैंने कोई गलती की तो वे उसे सही करवा देंगे, दुरुस्त करवा देंगे।

Sir, I have listened with the utmost attention to the Mover of this Calling Attention Motion, the hon. Shri Pramod Mahajanji. He has asked a number of very relevant questions, and I think, I am duty-bound to do my best to try and give answers to them, but several of the points that he made were picked up by other speakers who went along, perhaps, I can try and answer all these as quickly as one can so that you get the information. First, Sir, he said, and, I think, Shri P.G. Narayanan repeated it, we made four changes in the price of petrol since we took over office. Sir, we made four changes, but you made 33, between 1998 and 2004. We made one change in the price of kerosene, you made five. We made six changes in the price of diesel, you made 34. We made three changes in the price of domestic LPG, you made nine. So, it is part and parcel of governance to make such changes when there is a requirement for doing so. But, have

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we been more or less reasonable than our predecessors in effecting the rises? Sir, it so happened that between May of 2004 - when we came to office - and July, the increase in the Indian basket was almost exactly of the same order as the increase between the time we left office in May 1996 and the time we returned to position. It is a difference of about $ 18. So, there was a $ 18 increase between May 1996 and May 2004, and there has been a $ 18 increase approximately - it is near $ 19 - between May of 2004 and now. So, there is a comparability. Now, in the period in which there was a comparable rise in international prices between May 1996 and May 2004, the price of petrol was raised by Rs.16.76 per litre. We raised it by Rs.6.78 per litre. During this period, the price of kerosene was raised by Rs. 6.49, we increased it only by Rs.0.04. They increased the price of diesel by Rs.14.75; we increased it by Rs.6.71 only. They increased the price of domestic LPG per cylinder by Rs.147.80, we increased it by Rs.53.16. So, in all fairness, I think, the hon. Shri Mahajan should recognise that their reaction to the same level of increase in prices was much more severe on the consumers than has been in our case.

SHRI PRAMOD MAHAJAN: Calculating all six years or only one year.

SHRI MANI SHANKAR AIYAR: I am taking the period when we were out and you were supporting those whom we were keeping out. So, I am taking the period of comparability.

Actually, the position for me today is much worse because I haven't taken into account what has happened in the last two or three days. It has now gone up.The difference is now 21 dollars 47 cents compared to 18 dollars 30 cents. But I was just trying to place a certain amount of perspective on this matter. I was also asked by Shri Mahajan why we have raised the price of diesel by 23 per cent, but petrol, the rich man's fuel, was raised by only 20 per cent. I take the liberty to remind him that during the period from March, 1998 to May, 2004, the price of petrol was raised by the NDA regime by 48 per cent, whereas they raised the price of diesel by 112 per cent. So, therefore, again what we have been doing is in accord with a certain pattern, but it is much less than has been done in the past. It is necessary to inflict a part of the rise in prices on the consumer, but to protect the consumer to the maximum extent possible. I hope this clears Shri Ramachandraiah's doubts about the meaning of the

word 'equitable'. The reason why we have said 'equitable' is that we don't mean 'equally', because if it were to be equally shared, then the same burden would come on the consumer as on the OMCs, as on the Government; that is not true. We have tried to have some sense of justice. We felt some sort of duty to our *aam aadmi* to say that 'we cannot help increasing the burden on him, but let us keep it down as much as we possibly can and take as much of this burden as possible on the shoulders of the Government and on the shoulders of the oil sector as a whole.'

Sir, having said this I now come to the burden that was borne by the Government. Let me remind my friend, Shri Mahajan, that their first act on coming to power in March, 1998 was to raise the customs duty on petrol from 30 to 32 per cent and equally to raise the customs duty on diesel from 30 to 32 per cent. What we have done is, in just one year, compared to six years of their rule, -- in just one year -- we first reduced the customs duty from the NDA level of 20 per cent to 15 per cent in August last year, and then in March this year, the hon. Finance Ministry has further reduced it to 10 per cent. Diesel which had been raised by the NDA from 30 per cent to 32 per cent has in just one year been reduced from 20 per cent to 15 per cent, and then brought down from 15 per cent to just 10 per cent. As for kerosene, the real *aam aadmi's* fuel, the NDA Government had raised the customs duty on kerosene from nil to ten per cent. It was done on the 1st of March, 2001 by the very Shri Yashwant Sinha to whom the hon. Shri Mahajan was paying obeisance this morning. I am glad that Shri Sinha is not here to answer for himself. He raised it from nil to 10 per cent. We, in one year, have reduced it from 10 per cent to 5 per cent in August last year, and then the hon. Finance Minister has reduced it from five per cent to nil.

Now, Sir, I come to LPG. The LPG duty was marginally reduced by these very courageous NDA Ministers from 12 per cent to 10 per cent. With the courage that is becoming of the hon. Member for Sivaganga, he has reduced it. Where you did it two per cent less in six years, he first brought it down from 10 per cent to 5 per cent, and now from 5 per cent to nil.

So, please understand that we are very, very conscious of the *aam aadmi*. There is now no customs duty on the *aam aadmi's* consumption of kerosene and none on his consumption of LPG, or, should I say her consumption of LPG.

As for petrol and diesel, we are down to one-third of the rate at which it used to be and let us see whether there is any possibility of going further in that direction.

Sir, with regard to the refinery margins, I have to give this clarification. There is no evil intent on the part of the Government of India to particularly benefit either refineries in general, or, that large refinery in the private sector, which causes some of us such great concern. The fact is that in the normal course, the duty that is paid on a raw material would tend to be higher than the duty that is paid on the product. But in our case, we brought it down to five per cent. The gap is narrowing and we shall see what we can do. But about the refinery margins that were talked about, I must, with all due respect to Comrade, Shri Dipankar Mukherjee, point out that the average figures that he is giving could be fairly misleading. That is because, if you go refinery-wise, then the provisional figures for 2004-05 vary from a refinery margin of 19.12 dollars per barrel for Digboi to a mere 4.39 dollars per barrel for Barauni. And Barauni's production is so much higher than Digboi's that we should look...*(interruptions)*... You are right about the average. I have absolutely no doubt about the average.

SHRI DIPANKAR MUKHERJEE: I am not talking about the Indian prices. I am talking about your figures.

SHRI MANI SHANKAR AIYAR: I shall come to that in a minute. But first, I wanted to say that the Indian figure, if we give it as an average, is a first level of approximation. But we should be careful to recognise that the variation from refinery to refinery is so very great that we need to be a little specific about it. There is simply no doubt about the fact that our refinery margins are considerably larger in India than they are elsewhere.

SHRI DIPANKAR MUKHERJEE: Sir, I was referring to the global scenario, the international oil price, where you find that compared to 2002, so far as petrol and diesel are concerned, all of a sudden, right now, there is a big hike in the refinery margin. What is the reason for that? That is being reflected in your "under recoveries". Earlier it was two dollars and today, it is twelve dollars. What is the reason for this? Do your experts know about it?

SHRI MANI SHANKAR AIYAR: I think we do know about it. Let me first complete the point that I was making and I shall come to the hon. Member's point in a moment. I will just explain what has happened.

I was finishing the story on the customs duty. May I also say that with regard to excise duties, again on the *aam aadmi*, the excise duty on kerosene was increased by the NDA Government from ten per cent to sixteen per cent and we brought it down, first from sixteen per cent to twelve per cent and then, in an amazing leap in the direction of the *aam aadmi*, from twelve per cent to nil. May I request you to please, congratulate the hon. Finance Minister?

Similarly, with regard to LPG, where the NDA Government had increased the excise duty on LPG from ten per cent to sixteen per cent, we brought it down, first from sixteen per cent to eight per cent and then, down to nil. It is nil now. Now, when the objective is described as having a revenue-neutral change and you sharply reduce the duties, both on the customs front and the excise front, on two or four sensitive products, then, if you don't compensate for the sharp reduction in two of the four by increasing the revenues on the other two of the four, you would not be revenue neutral.

When it comes to being revenue neutral, obviously, during the preparation of a budget, you have to make an assessment about what will be the average ruling price of the product, or a crude, in the international markets, over the course of the year to come, that is, the year 2005-06.

Now, in actual fact, as for the figure that has been agreed to between the Ministry of Petroleum and the Ministry of Finance -- and I stress this because of repeated attempts in this House to drive a wedge between me and the hon. Finance Minister-- we agreed between us as to what would be the average price on which Budget revenue projections would be based.

Now, in actual fact, the prices have gone up very, very much higher than anyone anticipated in February 2005. What is the revenue consequence of that, is much too early to tell because revenues do not come into the Government's exchequer on a smooth and regular basis throughout the year. There tends to be a certain amount of bunching in this regard and, therefore, the Finance Minister has assured me that he will look at the figures to see whether, in fact, there is a substantial increase in the revenues of the Finance Ministry in consequence of the rise in international prices. But I must ...(*Interruptions*) ...

SHRI DIPANKAR MUKHERJEE: It was assured that revenue neutrality also be linked up with price neutrality. When I sacrifice, then

sacrifice is there from some side and I lose. Revenue neutrality should also be price neutrality...*(Interruptions)*...

SHRI MANI SHANKAR AIYAR: May I assure the hon. Comrade that if you take into account the reduction in reveues between May 2004 and March 2005, it is of the order of Rs.4000 crores. Is Rs.4000 crores an equitable burden to place upon the Budget, is a question to which I would like to come to in a minute. For the moment, I just wish to stress that any one who suggests that the hon. Finance Minister is getting away with no wounds on his body is not projecting a correct picture. He has suffered what he calls in his rather colourful language, 'a hit of Rs.4000 crores'. In the last year, we thought that this would be more than made up for by the fact that during the course of 2004-05, the prices of oil rose as they have continued to rise and for a moment we were all intrigued as to why his revenues were not rising, as by a simple arithmetical projection they ought to have risen, and then it turned out that we have a system of duty drawbacks on exports. Before we come to the sins of paying a duty drawback to a private refiner, let us first ask what is the consequence of exporting petroleum products from India, the nation. Sir, the staggering fact is really something that I was hardly aware of until I came to the end of the year that our petroleum products exports in 2004-05 were of the order of Rs.28,000 crores. It opened my eyes to the possibility of making India a major export hub for petroleum products that we should be looking at these rising international prices, not just as a challenge but also as a huge opportunity. Our import bill rose to Rs.117,000 crores, which, by coincidence, is equal to the contribution which we make to the exchequer. The figure is about Rs.117,000 crores, that we spent. But we earned about Rs.28,000 crores. If we succeed, as I am hoping we can, in making India a major export hub, then, perhaps, petroleum products can overtake cut diamonds as the best source of adding net woth to large imports by effecting large exports. If you start playing around with the duty drawback solely to be able to shift the burden to the Government rather than keep it with the OMCs and somebody else, there is a great danger that we might be killing the goose that is beginning to lay golden eggs. So, I would like to be careful on this. I think, there may be scope for effecting some element of reduction in duty drawback, but not until we completely satisfy ourselves that we are not ruining a new emerging market and one which has immense potential for the future. Sir, the questions that were raised by Comrade, Shri Dipankar Mukherjee, related to the cess on upstream oil companies on

oil production. There is a cess and that cess is supposed to be used for the development of the oil industry.

On oil production, there is a cess and that cess is supposed to be used for the development of the oil industry. But, as was pointed out to comrade Dipankar Mukherjee, myself and a few others in a private meeting with the hon. Finance Minister, which I would now - especially he is sitting here - with his permission, like to make public that the language of the Oil Industry Development Act clearly specifies that fertilizer is to be regarded as a beneficiary industry of the cess that is imposed on this. And, since the development of the fertilizer industry depends upon the market for this industry being sustained, we have a very large subsidy for fertilizer. So, the successive Finance Ministers, over the years, have been levying, what is called, a cess on oil for the development of the oil industry, but being mindful of the language of the law, have said that the oil industry so defined, includes fertilizer, includes the provision of a subsidy which will enable the market to subsist and which is the only way in which we can have a fertilizer industry in this country.

SHRI DIPANKAR MUKHERJEE: Sir, I am sorry to interrupt. Hon. Minister has referred to that meeting. It was definitely there. But, there itself, it was contested that subsidy is not a capital expenditure. This is actually a revenue expenditure. It is futile to justify that an Oil Industrial Development Fund, which is for capital development of oil sector, is being used for giving a revenue expenditure on subsidy. It was not sustainable. We did not accept there also; we are not accepting it here also, and I am only saying that knowing fully well, I am only referring to this Action Taken Report laid in this House where even the Petroleum Ministry has also agreed that this particular money should be left to the oil sector itself. If it is for oil, right now, it is the correct time, oil sector is facing the crisis, that let this money not go to fertilizer sector, - per year, seven public sector fertilizer companies being closed down - it is high time this money should be given to the oil sector only. Why should he give this money for fertilizer subsidy? He needs it more than anybody else.

SHRI MANI SHANKAR AIYAR: I would love to get the money, but I have to get the language right first before I get the money. In February, when my Ministry agreed with the Standing Committee that the less should come to us, we were under the impression, quite frankly, that the oil industry, meant what to people like you and me, ordinary folk, regarded as oil, which is my Ministry. But the way in which the Act had been drafted

back in 1974 and it was brought to our attention by the hon. Finance Minister, fertilizer has been included there. I think what we need to do is to sit down and ask ourselves, ask this House whether they would like to amend that Act in order to reduce the possibilities of subsidising our farmer in order to decrease the subsidy burden on our oil market. I fear that the *aam admi* is more with *kisan* than with people like me. Therefore, I am not at all sure that we will be able to work it out. We will try to continue the search for finding an equitable balance between the fertilizer industry and the petroleum industry within the language of the Act of 1974. Equally, Sir, Comrade Dipankar Mukherjee also asked us about why we are favouring stand alone refineries. The first thing I would say is that this is an unintended but inevitable consequence of the way in which we structure our duties. But, the beneficiary is all stand-alone refineries, not only the stand-alone private refineries. Now, I was listening very carefully, because I knew that this would be a point of more than semantic importance that Comrade Dipankar Mukherjee, and I invite his attention to the record, said, "Stand-alone private refineries", which is why I am giving a little explanation that there are also stand-alone public refineries. But, I am very glad to mention two or three things in this regard. One is that the reduction in customs duty on LPG and SKO has resulted in the private sector as well sharing a small part of the burden.

The second is that we have started a process of discussing within the industry, our public-sector OMCs talking to stand alone refineries including the private refineries, the possibility of their sharing some of this subsidy burden, and, keeping a very discreet stick in the background, we have also started making enquiries as to whether action in this direction is possible or not under the Essential Commodities Act. Now, we have found in a parallel but slightly different case that when it came to talking about increasing the supply of kerosene from the stand alone refineries for the PDS, we did get the view from the Ministry of Law and Justice that we would be allowed under the Essential Commodities Act to issue a directive with regard to what they should be doing in respect of the proportions of jet kerosene and ordinary kerosene that they produce and that in itself, I think, has promoted an atmosphere of dialogue in which it might be possible to come to satisfactory conclusions without resorting to the law. So, we are conscious of that.

I was also asked, Mr. Deputy Chairman, about the prices of the petroleum products. I come to the refining margins. I was asked as to why

is it that the international prices of petroleum products are rising so much faster than even the absurdly high rises that are taking place in crude oil. Well, fundamentally, as far as the prices of any commodity in a free market situation - I share with the Comrade the regret that the market is increasing and space of socialism is decreasing - in the international markets are concerned, basically it is demand and supply which determines prices, and, there have been no new refineries of significance built in the developed world for some time. So, the demand is going up but the traditional sources of supply are not expanding alongside it, partly for environmental reasons. And, that is why, we have started taking advantage of it by becoming a major exporter of the petroleum products. But the amount that we are able to export is marginal compared to the difference between the rise in demand and the availability of supplies in international markets, and, especially, in China and the United States of America, the increase is very much more than their domestic production bases or their traditional supply bases allow for. That is why, this is happening. It is an international phenomenon over which we do not have any direct control, but over of which we can and we are taking advantage and I don't think we should be playing too much with these things to stop movement forward.

Sir, there was a slightly wrong piece of information given by the hon. Member, Shri Pramod Mahajan on the ethanol issue, which I would like to correct. At no stage, did we change the mandatory requirement of 5 per cent ethanol blending with petrol. I had explained this in the Lok Sabha, and, perhaps not here in the Rajya Sabha, on the 21st December, 2004 that our gazette notification was designed only to reflect the reality because while the NDA Government had claimed that they had made it mandatory, in fact, the 5 per cent blending was not taking place except in that very first year when in a great rush they brought in their gazette notification not taking into account that some three quarters of our sugarcane production is dependent on the monsoon rains, it is not irrigated, and, therefore there is very little control over the output of sugarcane, therefore the output of molasses, therefore the output of ethanol. But what we have done is that we have come to an agreement with the Indian Sugar Manufacturers' Association (ISMA) in terms of which they are giving us assured quantities of ethanol at an agreed reasonable price basis and we should be able to sustain a programme that was conceived but not implemented by the NDA.

We are implementing sincerely what has been done over there. There are a huge number of programmes for alternative fuels. I refer here

to the questions raised by Shrimati Kum Kum Rai, as well as Shri Fali S. Nariman, we have got a very large number of these programmes going on. They include Jetropha; they include the ethanol programme; they include looking for gas hydrates, looking for hydrogen being combined with CNG. We are going to have the first test drive on that in a few days from now, and if hon. Shri Nariman would like to come along with me, we can get him to drive that car and test it for himself. We are going in for coal-based methane, and, I think, the first production will begin during this financial year. We have got a huge project for underground coal gasification. We are very, very aware and sensitive to the fact that fossil fuels are in short supply. We are import-dependant. But, we are an agricultural country which has the possibility of producing non-fossil fuels in our country. Our energy security comprises not only going to exotic places abroad and finding oil-bearing properties there, but looking at the *kisan*, looking at the *aam aadmi*. It is the *aam aadmi* who is the best assurance of our energy security. Thank you, Sir.

CALLING ATTENTION TO MATTERS OF URGENT PUBLIC IMPORTANCE

The loss of human lives, properties and business in Mumbai and other parts of Maharshtra due to unprecedented rains and the relief measures undertaken by Government with regard thereto

MR. DEPUTY CHAIRMAN: Now, we will take Calling Attention on loss of human lives, properties and business in Mumbai and other parts of Maharashtra due to the unprecedented rains and the relief measures undertaken by the Government with regard thereto. Mr. Pramod Mahajan, please call the attention.

श्री प्रमोद महाजन (महाराष्ट्र) : देखिए, मैं शुरू तो करूंगा, लेकिन यहां पर गृह मंत्री जी स्वयं होते तो उचित होता।

श्री उपसभापति : गृह राज्य मंत्री हैं। वे बाद में आ जाएंगे।

कार्मिक, लोक शिकायत और पेंशन मंत्रालय में राज्य मंत्री तथा संसदीय कार्य मंत्रालय में राज्य मंत्री (श्री सुरेश पचौरी) : उपसभापति जी, गृह मंत्री जी उस सदन में बैठे हैं। आप जानते हैं कि वहां पर प्रेजिडेंट रूल्स पर डिसकसन चल रहा है। वे अभी यहां आ रहे हैं। जब तक वे यहां आएं, गृह राज्य मंत्री जी हैं।